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TENNESSEE VALLEY AUTHORITY.

POWER CONTRACT BETWEEN TENNESSEE VALLEY AUTHORITY AND CITY OF TUPELO, MISSISSIPPI.

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POWER CONTRACT BETWEEN
TENNESSEE VALLEY AUTHORITY AND
CITY OF TUPELO, MISSISSIPPI

THIS AGREEMENT, made and entered in this _____day of _____, 193__, pursuant to the Tennessee Valley Authority Act of 1933, between the Tennessee Valley Authority, hereinafter called "AUTHORITY", a corporation created by and acting under said Act, and the City of Tupelo, a municipal corporation duly organized, created and existing under and by virtue of the laws of the State of Mississippi, hereinafter called "CONTRACTOR".

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WHEREAS AUTHORITY, by Section 10 of said Act, is authorized to sell the surplus power generated by it and not used in its operation, and is directed to give preference to States, counties, municipalities and cooperative organizations of citizens or farmers not organized or doing business for profit; and

WHEREAS, by Section II of said Act it is provided that the sale of power by AUTHORITY shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available.

NOW THEREFORE, for and in consideration of the mutual covenants herein contained, the parties hereto mutually covenant and agree as follows:

1. Term of Contract: This contract shall become effective at midnight on February 6, 1934, and shall continue in effect until midnight, February 6, 1954.

2. Power Supply: AUTHORITY will, during the term hereof, supply electrical energy to CONTRACTOR for municipal purposes and retail distribution. CONTRACTOR agrees to purchase, and AUTHORITY to supply, the entire power requirements of CONTRACTOR, except as herein specified. Said energy will be delivered in the form of 3 phase, alternating current at approximately 60 cycles per second and approximately 2300 volts. The maximum amount of electricity (called the reserve power) which AUTHORITY agrees to supply is 7500 KVA, but CONTRACTOR may, upon securing the consent of AUTHORITY and in conformity with such additional or supplementary agreements as the parties may enter into, increase such maximum demand.

After the expiration of the first five years operation under this contract, as CONTRACTOR foresees the necessity for more than 7500 KVA, CONTRACTOR shall have the privilege of making written demand upon AUTHORITY for an increase of reserve power. Such increase shall take effect nine months after date of demand if the demand specified be less than 5,000 K.W. or twelve months after date of demand if the amount specified be over 5,000 K.W. and not over 10,000 K.W., or two years after date of demand if additional demand specified be in excess of 10,000 K.W.

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3. Point of Delivery: The electrical energy to be supplied to CONTRACTOR hereunder shall be delivered at the outgoing side of main switch or switches on the low tension side of the main step-down transformers of a substation to be constructed, owned and maintained by AUTHORITY. The approximate location of this substation will be at or near the east side of the Mobile and Ohio Railroad in the vicinity of Main and Commerce Streets, or elsewhere near the corporate limits of the CONTRACTOR at a site to be determined by AUTHORITY.

4. Schedule of Rates: Attached hereto, and made a part hereof by reference, the same as though physically incorporated herein, is a "Schedule of Rates and Charges." CONTRACTOR agrees to pay for the energy supplied by AUTHORITY at the rates fixed in Schedule A, entitled "Tennessee Valley Authority Wholesale Power Rates."

5. Minimum Demand: CONTRACTOR covenants and agrees that during the life of this contract it will pay for not less than sixty percent of the minimum monthly maximum demand requirement occurring during the first twelve months of operation under this contract, and in no case less than 750 K.W. of monthly maximum demand, whether or not such demand is actually used.

6. Resale Rates: In order to carry out the obligations of AUTHORITY with respect to the promotion of a wider use of electricity throughout the area in which it operates, CONTRACTOR agrees to charge all of its consumers the rates prescribed for the several classes thereof in Schedule B ("Resale Rates") of the Schedule of Rates and Charges, and not to depart therefrom except with the written consent of AUTHORITY.

7. Schedule of Terms and Conditions of Operation: Attached hereto, and made a part hereof by reference, the same as though physically incorporated herein, is a schedule of "Rules and Regulations;" and it is understood and agreed that the several provisions of said schedule, as well as the several provisions of this contract and of the "Schedule of Rates and Charges," are of the essence of this contract, and that their violation by CONTRACTOR renders this contract voidable at the option of AUTHORITY.

The schedule of Rules and Regulations are standard and of uniform applicability to all customers of AUTHORITY, and the CONTRACTOR hereby agrees to be bound by any future addition or amendments of such schedule of Rules and Regulations during the term of this contract, the same as though such additions or changes were incorporated herein.

8. Rules and Regulations of CONTRACTOR: In the interest of uniformity, and for the protection of both CONTRACTOR and AUTHORITY, CONTRACTOR agrees to adopt and enforce such uniform rules and regulations for the sale of electricity to the public as AUTHORITY may from time to time prescribe during the term of this contract.

9. Contract Not Transferable: Neither this contract nor any interest therein shall be transfered or assigned by CONTRACTOR to any other party without the written consent of AUTHORITY.

10. Termination or Renewal: There is no obligation expressed or implied to extend the date of this contract beyond the date fixed for termination.

IN WITNESS WHEREOF, the parties have hereto signed their names the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By: _____
Chairman, Board of Directors

ATTEST:

By: _____
Mayor

_____
City Clerk.

SCHEDULE A

TENNESSEE VALLEY AUTHORITY

WHOLESALE POWER RATES

Wholesale Rate

Demand Charge - $0.90 per K.W. per month.
Demand - Maximum integrated sixty (60) minute period.
Energy Charge

First	100,000	kilowatt	hours	per	month	at	4	mills	per	K.W.H.
Next	200,000	"	"	"	"	"	3	"	"	"
Next	700,000	"	"	"	"	"	2.5	"	"	"
Over	1,000,000	"	"	"	"	"	2	"	"	"

Minimum Monthly Bill

$0.90 per K.W. per month, and in no case shall the minimum bill be less than the charge for sixty percent (60%) of the highest demand occurring during the previous consecutive twelve (12) month period.

Adjustment of Demand Charge

(a) CONTRACTOR shall keep an accurate record of the space heating appliances installed in residences, and shall on request furnish AUTHORITY with a correct schedule of all such installations showing maximum connected load in kilowatts.

CONTRACTOR'S monthly maximum demand shall be subject to a reduction of not to exceed sixty five percent of the total amount of the above schedule during the heating season beginning October 15th, and ending April 15th. The exact amount of reduction for any particular month will be determined by a comparison of demand and usage before and after the heating season, and will be adjusted in such manner as will not effect a reduction in billed monthly demand greater than its actual use for residence space heating purposes.

(b) Demand charge may be adjusted if, and when, AUTHORITY deems necessary to correct for power factors lower than eighty-five percent (85%). Such adjustments will be made in such manner as to bring the demand charge to the equivalent of eighty-five percent (85%) power factor.

SCHEDULE B

RESALE RATES

TENNESSEE VALLEY AUTHORITY STANDARD RESIDENTIAL RATE

Available

To all residential customers at local distribution secondary voltage either 2 wire or 3 wire service as Municipality may require.

First	50	Kilowatt	hours	per	month	@	3¢	per	K.W.H.
Next	150	"	"	"	"	@	2¢	"	"	"
Next	200	"	"	"	"	@	1¢	"	"	"
Excess Over	400	"	"	"	"	@	0.4¢	"	"	"

Minimum Monthly Bill

5 Ampere Meter	$ .75
15 Ampere Meter	1.00
50 Ampere Meter	1.50

TENNESSEE VALLEY AUTHORITY BASIC COMMERCIAL RATE

Available

To commercial customers taking service from the Municipality's secondary system.

First	250	Kilowatt	hours	per	month	@	3¢	per	K.W.H.
Next	750	"	"	"	"	@	2¢	"	"	"
Next	1000	"	"	"	"	@	1¢	"	"	"
Excess Over	2000	"	"	"	"	@	0.8¢	"	"	"

Minimum Monthly Bill

5 Ampere Meter	50	Kilowatt hours	$1.50
15 Ampere Meter	66-2/3	" "	2.00
50 Ampere Meter	100	" "	3.00

Surcharge

Basic rate subject to a surcharge as provided for in Rules and Regulations.

SCHEDULE B (continued)

TENNESSEE VALLEY AUTHORITY BASIC INDUSTRIAL RATE

Available

To industrial power users having demands in excess of 10 K.W. Service at primary distribution voltage or secondary distribution voltage at discretion of CONTRACTOR.

Demand Charge

$1.00 per K.W. per month.
Demand - Maximum integrated thirty (30) minute period.

Energy Charge

First	10,000 K.W.H. per month	@ 10 mills per K.W.H.
Next	25,000 K.W.H. per month	@ 6 mills per K.W.H.
Next	65,000 K.W.H. per month	@ 4 mills per K.W.H.
Next	400,000 K.W.H. per month	@ 3 mills per K.W.H.
Excess Over	500,000 K.W.H. per month	@ 2.5 mills per K.W.H.

Minimum Monthly Bill

$1.00 per K.W. of maximum demand, but in no case shall the maximum demand for billing purposes be taken at less than sixty percent (60%) of the maximum monthly demand billed during the preceding twelve (12) consecutive months period.

Service taken under the small power rate will be subject to minimum bill prescribed for commercial customers.

Small Power Rate

Customers having a load of 10 K.W. demand or less to be billed on Basic Commercial Rate.

Surcharge

Basis Rate (including small power rate) subject to a surcharge, as provided for in Rules and Regulations.

Seasonal Loads

CONTRACTOR may in its discretion discontinue service on seasonal loads and establish a minimum payment for idle months sufficient to cover costs involved.

SCHEDULE OF

RULES AND REGULATIONS

1. Measurement of Demand and Energy: Demand measurement shall be made by graphic or other standard and suitable instrument or instruments at the point or points of delivery or may, at the option of AUTHORITY, be installed at some other point or points where housing facilities are available or may be made available and/or operation simplified. Provided however, that in the event that metering is effected at some other location than at point of delivery, suitable correction shall be made of the amounts determined at such location so that the adjusted amount will so far as possible reflect the exact quantities delivered at the actual point or points of delivery.

Demand for any month for the purpose of this contract shall be defined as the highest integrated load furnished to CONTRACTOR during any sixty (60) minute period during the month for which the determination is made.

Energy (kilowatt hours) measurements shall be made by standard single or polyphase watt hour meters at AUTHORITY's option with the same reservation with respect to location of meters as is applicable to demand meters.

2. Meters: AUTHORITY will, at its own expense, install and maintain the necessary meters for measuring the maximum demand and amount of energy furnished CONTRACTOR. Provided, that should these meters fail or be found inaccurate the maximum demand and amount of energy delivered will be estimated from the best information available.

3. Failure to make Payments: Payment for energy used in any calendar month shall be due on the fifteenth of the succeeding month. Upon failure of CONTRACTOR to pay for the energy used in any calendar month within thirty (30) days after the close of the month, AUTHORITY shall have the right to discontinue the supply of energy and refuse to resume delivery so long as any part thereof remains unpaid. Discontinuance of supply under this section or under section 12 hereof will not relieve CONTRACTOR of its liability for the agreed monthly payment during the time the supply of energy is so discontinued. To any amount remaining unpaid on the first day of the calendar month following the due date, there shall be added a penalty of one (1) percent and an additional one (1) percent shall be added on the first day of each succeeding month until the amount is paid in full.

4. Interruption of Service: AUTHORITY will furnish energy as agreed upon continuously so far as reasonable diligence will permit, but AUTHORITY, its officers, agents or employees shall not be liable

for damages when, for any reason suspensions of the operation of the power system of AUTHORITY, or any part thereof, interfere with the delivery of electrical energy to CONTRACTOR, nor shall such an interruption constitute a breach of this contract on the part of AUTHORITY. Provided, that AUTHORITY shall make appropriate adjustment of the demand charge in the event of an interruption.

5. Lower Rates to other Municipalities: If at any time during the term of this agreement AUTHORITY should supply electricity to any municipality at a lower rate than that applicable to CONTRACTOR, and such lower rate shall not be justified by different conditions of service, making the cost to such other municipality relatively less than to CONTRACTOR, such lower rate shall be made available to CONTRACTOR so long as such lower rate shall be given to such other municipality while this contract is in force.

6. Developmental Surcharge: CONTRACTOR agrees not to depart from the resale rates set forth in Schedule B without first securing the consent of AUTHORITY: Provided, however, that in order to maintain CONTRACTOR'S revenues in the developmental period in which the increased demand for power may not compensate for the greatly reduced rates provided for in Schedule B, CONTRACTOR may impose a surcharge upon those classes of consumers subject to a surcharge under the provisions of said schedule. CONTRACTOR may initially determine and may from time to time vary such surcharge, with the understanding, however, that all revenues over those required for the appropriations set forth in Section 10 (a) herein shall be applied to the reduction or elimination of surcharges. Surcharges shall be based on a straight percentage of net bills, and shall apply uniformly to all members of classes as to which surcharges are authorized.

7. Adjustment of Rates: In the event of a major increase or decrease in general price and wage levels of such a substantial character as materially and substantially to change the cost basis upon which the rates fixed by this contract are predicated, the parties hereto agree, by supplemental contract or contracts, or otherwise, to make appropriate adjustment of the rates fixed herein. Should the cost of living index compiled by the Department of Labor of the United States show a decrease for six consecutive calendar months of 20 percent or more under the index figures for the month in which this contract is signed, CONTRACTOR may in writing request AUTHORITY to agree to such a reduction in rates as the circumstances may warrant, and should such index figures show a 20 percent or more increase for the same period, AUTHORITY may in writing request CONTRACTOR to agree to such an increase in rates as the circumstances may warrant. If within thirty days after the receipt of such a request the parties shall be unable to agree to a satisfactory adjustment, the question

shall be submitted to three arbitrators, one to be appointed by each of the parties, and a third to be appointed by the two so selected. A decision of the arbitrators shall require only a majority vote, and such a decision shall be final and binding upon both parties. Should either of the parties fail or refuse to appoint an arbitrator within fifteen days after receipt of written request from the other party to make such an appointment, or should the arbitrators so appointed fail to agree upon a third arbitrator within such period, CONTRACTOR shall only be liable, if costs have decreased, for the amount of its bill as computed under the rates provided for herein, less such a percentage as it may fix, such percentage in no event to exceed the per cent of decrease in the cost of living as determined by the Department of Labor; and if costs have increased, CONTRACTOR shall be liable for such an additional amount as AUTHORITY may fix, such increase not to exceed the percentage of increase in the cost of living as determined by the Department of Labor. The rates as adjusted pursuant to this article shall be applied to the billing for the first calendar month following their determination, and shall remain in effect for the duration of the contract, unless there should be other major changes in general price levels, in which case the procedure of rate adjustment herein prescribed shall be applicable to successive changes in rates. Should the Department of Labor fail to compile and publish indices on changes in the cost of living, other reliable indices on such changes may be used in their stead.

8. Reductions in Rates: AUTHORITY agrees to reduce the wholesale rates herein fixed whenever, in the opinion of the AUTHORITY, reductions in the cost of generating and transmitting energy make feasible such reductions in rates; it being the intention of the parties that CONTRACTOR shall participate in the benefits of reductions in the cost of generation and transmission.

9. Administration of CONTRACTOR'S system: CONTRACTOR agrees:

(a) To administer its electric system as a separate department and not to mingle funds or accounts with those of any other of its operations.

(b) To keep its electric system accounts according to a system of accounts to be prescribed by AUTHORITY after conference with CONTRACTOR, which system of accounts will so far as possible be uniform with other systems prescribed and applied in other municipalities purchasing electrical energy from AUTHORITY. AUTHORITY agrees at its own expense to render advisory accounting service in the setting up and administering of such accounts.

(c) To furnish promptly to AUTHORITY such operating and

financial statements relating to electric system operations as may be requested by AUTHORITY.

(d) To allow the duly authorized agents of AUTHORITY to have free access to all books and records relating to electric system operations.

(e) To sell and distribute electrical energy to the ultimate consumer without discrimination between consumers of the same class, and no rate shall be charged or practice adopted which will grant a discriminatory rate, rebate or other special concession to any consumer served by CONTRACTOR. CONTRACTOR shall observe the principle that the sale of energy for industrial use shall be a secondary purpose, to be utilized principally to secure a sufficient high load factor and revenue to permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity.

10. Disposition of CONTRACTOR'S revenues: CONTRACTOR agrees to dispose of revenues from the operation of its municipal electric system in the following manner:

(a) Revenues will first be used for operating expenses, after which, in the order named, revenues shall be made applicable to interest on electric system bonds and/or other indebtedness applicable to said electric system, amortization of such bonds, or other indebtedness, reasonable reserves for new construction and other contingencies, payment to the general fund of CONTRACTOR for taxes at rates equivalent to the taxes assessed against other property of a similar nature, and a return on CONTRACTOR'S equity of not more than six per cent per annum.

(b) After the appropriation of the above amounts the CONTRACTOR agrees that all remaining revenue shall be applied to reductions in the rates to consumers.

11. Service to Nearby Areas: CONTRACTOR agrees to serve nearby rural areas whenever such service can feasibly be rendered.

12. Construction and Maintenance of CONTRACTOR'S Equipment: All equipment, material and work in connection with CONTRACTOR'S electrical installation must conform to specifications and plans acceptable to AUTHORITY and must be maintained in a safe and satisfactory condition. AUTHORITY may discontinue the supply of energy to CONTRACTOR, if after reasonable notice of non-conformity with the acceptable plans and specifications or of unsafe and unsatisfactory condition, CONTRACTOR fails or refuses to make such changes as may be required.

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